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www.waysandmeanscommittee.gov
Ways and Means Health Subcommittee
1102 Longworth House Office Building
Washington, DC 20515

Re: Public Submission ~ Current Hospital Issues in the Medicare Program
Observation v. Inpatient
Date of Hearing: May 20, 2014

Ladies and Gentlemen:

In 2011, my 92-year-old mother was hospitalized for three days/three nights at Hendricks Hospital in Indiana. Though she met all of Medicare's criteria listed under "Inpatient Hospital Services Covered Under Part A" (*Medicare Benefit Policy Manual*, Chapter 1, §10), she was denied coverage for physician-ordered physical therapy at a skilled nursing facility (SNF). Why? Because (and only because) Hendricks kept her in "**observation**" throughout the *three-day, three-night* hospitalization.

Hendricks Hospital contends that she was dismissed in an "improved condition. She was not. She was taken to the hospital by her daughter via automobile; three days later, she left in an emergency medical van, strapped to a gurney.

She was physically ineligible to return to her assisted-living apartment. She remained at the SNF for eighty-one (81) days. Because Medicare excluded her from coverage, her bill at the SNF was \$24,190.

I have told my mother's story to family and friends. Not one understands how this could happen. Likewise, they are dismayed that it could happen to their parent ... and to them. So, why is it happening? Susan Jaffe, *Kaiser Health News*, reports the following:

"Medicare has strict criteria for hospital admissions and usually won't pay anything for admitted patients who should have been observation patients. In response to these rules, hospitals in recent years have increased their share of observation patients."

"Hospitals have another incentive for keeping patients in observation status: If patients return within 30 days, they don't count as readmissions since they were not admitted in

the first place. Medicare withholds a percentage of payment from hospitals with high readmission rates.”

“More Medicare beneficiaries are entering hospitals as observation patients every year. The [number rose 69 percent](#) in five years, to 1.6 million nationally in 2011, according to the most recent federal statistics. At the same time, Medicare hospital admissions have declined slightly.”

“The over-classification of observation status is an increasingly pervasive problem: the number of seniors entering the hospital for observation [increased 69 percent over five years](#), to 1.6 million in 2011.”

Excerpts from *Kaiser Health News*, Susan Jaffe, “Hospital Observation Care ...’ (www.kaiserhealthnews.org) (September 4, 2013)

I pray for each of you as you work toward correcting this wrong.

Very truly,
Patricia Klaiber